

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2012

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA

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THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Harris Hess	Chairman	December 31, 2017
Mike Davis	Board Member	December 31, 2015
Joan Irlmeir	Board Member	December 31, 2013

BURKHARDT & DAWSON

Certified Public Accountants

DONNA R. BURKHARDT, CPA
LAURA M. DAWSON, CPA

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Thomas Rest Haven
Coon Rapids, Iowa

We have audited the accompanying financial statements of Thomas Rest Haven, a component unit of the City of Coon Rapids, Iowa as of and for the year ended June 30, 2012. These component unit financial statements are the responsibility of Thomas Rest Haven's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution of the total net assets balance at July 1, 2011.


In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution of the total net assets at July 1, 2011, as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of Thomas Rest Haven at June 30, 2012, and the changes in its financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2013 on our consideration of Thomas Rest Haven's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 4 through 7 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Thomas Rest Haven's basic financial statements. The supplementary information included in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BURKHARDT & DAWSON, CPA'S


Certified Public Accountants

January 21, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Thomas Rest Haven, a component unit of the City of Coon Rapids, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the Entity's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- * Thomas Rest Haven's operating revenues increased 5% or approximately \$160,000, from fiscal 2011 to fiscal 2012.
- * Thomas Rest Haven's operating expenses increased 5%, or approximately \$162,000, from fiscal 2011 to fiscal 2012.
- * Thomas Rest Haven's net assets increased 5%, or approximately \$53,000 from June 30, 2011 to June 30, 2012.

USING THIS ANNUAL REPORT

Thomas Rest Haven is a component unit of the City of Coon Rapids, Iowa and presents its financial statements using the economic resources measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to Thomas Rest Haven's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Thomas Rest Haven's financial activities.

The Statement of Net Assets presents information on Thomas Rest Haven's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Thomas Rest Haven is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets is the basic statement of activities for proprietary funds. This statement presents information on Thomas Rest Haven's operating revenues and expenses, non-operating revenues and expenses and whether Thomas Rest Haven's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in Thomas Rest Haven's cash and cash equivalents during the year. This information can assist the readers of the report in determining how Thomas Rest Haven financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Supplementary information provides detailed information about the revenues and expenses.

REPORTING THE FINANCIAL ACTIVITIES

Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of Thomas Rest Haven's financial position. The net assets at the end of fiscal 2012 totaled approximately \$2,557,000. A summary of Thomas Rest Haven's net assets is presented below.

NET ASSETS		
Current Assets	\$1,064,952	
Capital Assets at Cost, Less Accumulated Depreciation	<u>2,954,520</u>	
TOTAL ASSETS		<u>\$4,019,472</u>
Current Liabilities	\$ 477,541	
Long Term Debt	<u>984,487</u>	
TOTAL LIABILITIES		<u>\$1,462,028</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$1,226,248	
Invested in Capital Assets - Assisted Living Project	691,489	
Restricted For:		
Assisted Living Project	330,746	
Unrestricted	<u>308,961</u>	
TOTAL NET ASSETS		<u>\$2,557,444</u>

The largest portion of the entity's net assets are invested in capital assets (74%, e.g., land, buildings and equipment), less the related debt portion of net assets, are resources allocated to capital assets. Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is approximately \$309,000 at the end of this year.

Statement of Revenues, Expenses and Changes in Net Assets

Operating revenues are received for daily service revenue. Operating expenses are expenses paid to operate a nursing home and assisted living facility. Non-operating revenues and expenses are for interest income, rental income and rental expenses, and interest expenses. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses, and changes in net assets for the years ended June 30, 2012 is presented below:

REVENUES, EXPENSES AND CHANGES IN NET ASSETS		
	<u>2012</u>	
OPERATING REVENUES:		
Daily Service Revenue	\$3,245,057	
Other Revenue	<u>87,110</u>	
TOTAL OPERATING REVENUES		<u>\$3,332,167</u>
OPERATING EXPENSES:		
Daily Service Expense	\$1,379,497	
Activities Expense	66,557	
Social Services Expense	33,955	
Dietary Expense	384,564	
Laundry and Linen Expense	73,740	
Housekeeping Expense	124,452	
Plant Operations and Maintenance	155,973	
Administrative Expense	578,780	
Other Services Expense	135,801	
Medical Clinic Expense (Therapy Portion)	21,338	
Parkview Assisted Living	<u>332,988</u>	
TOTAL OPERATING EXPENSES		<u>\$3,287,645</u>
OPERATING INCOME		\$ 44,522
NON-OPERATING REVENUES (EXPENSES):		
Interest Income	\$ 292	
Rent Income - Medical Clinic	25,770	
Rent Expenses - Medical Clinic (Clinic Portion)	(959)	
Rent Expenses - Medical Clinic - Depreciation (Clinic Portion)	(8,526)	
Interest Expense	(7,086)	
(Loss) on Sale of Equipment	<u>(569)</u>	
NET NON-OPERATING REVENUES		<u>8,922</u>
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS		\$ 53,444
CAPITAL CONTRIBUTIONS		<u>11,481</u>
CHANGE IN NET ASSETS		\$ 64,925
NET ASSETS - BEGINNING OF YEAR		<u>2,492,519</u>
NET ASSETS - END OF YEAR		<u>\$2,557,444</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year with an increase in the net assets at the end of the fiscal year. Capital contributions received are board designated for various projects. In fiscal year 2012, changes in net assets increased \$64,925 primarily a result of operating income and capital contributions.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes daily service revenue and other revenue reduced by payments to employees and to suppliers. Cash used for capital and related financial activities includes principal repayments and the purchase of capital assets. Cash provided by investing activities includes interest income.

CAPITAL ASSETS

At June 30, 2012, Thomas Rest Haven had approximately \$2,954,000 invested in capital assets, net of accumulated depreciation of approximately \$2,264,000. Depreciation expense totaled approximately \$160,000 for fiscal 2012. More detailed information about Thomas Rest Haven's capital assets is presented in Note 11 to the financial statements.

LONG TERM DEBT

At June 30, 2012, Thomas Rest Haven had \$1,037,000 in debt. The table below summarizes outstanding debt.

Notes Payable - Bank	\$ 187,868
Note Payable - Coon Rapids Municipal Electric Utility	172,222
Note Payable - USDA	<u>676,697</u>
	<u>\$1,036,787</u>

Additional information about Thomas Rest Haven's long-term debt and other liabilities is presented in Note 10 to the financial statements.

ECONOMIC FACTORS

Thomas Rest Haven experienced an increase in its financial position from operations during the current fiscal year. Rising costs, constant maintenance, increasing federal and state regulations and staff turnover continue to be concerns for the entity.

CONTACTING THOMAS REST HAVEN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Thomas Rest Haven's finances and to show accountability for the money received. If you have questions about this report or need additional financial information, contact Thomas Rest Haven, 217 Main, Coon Rapids, Iowa 50058.

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

CURRENT ASSETS:

Cash on Hand and in Bank	\$ 323,078
Cash in Bank - Restricted	330,746
Patient Trust Account	4,915
Accounts Receivable	350,200
Prepaid Insurance	45,510
Inventory	5,220
Prepaid Expenses	<u>5,283</u>

TOTAL CURRENT ASSETS	\$1,064,952
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PROPERTY AND EQUIPMENT:

Buildings and Improvements	\$4,694,076
Departmental Equipment	<u>524,290</u>

TOTAL	\$5,218,366
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LESS - Accumulated Depreciation	<u>2,263,846</u>
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NET PROPERTY AND EQUIPMENT	<u>2,954,520</u>
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TOTAL ASSETS	<u>\$4,019,472</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 64,365
Patient Trust Account	4,915
Payroll Taxes Payable	5,187
Accrued Wages Payable	159,467
Accrued Employment Deductions	24,037
Accrued Interest Payable	403
Security Deposits	19,495
Revenue Received in Advance	147,372
Current Maturities of Long Term Debt	<u>52,300</u>

TOTAL CURRENT LIABILITIES

\$ 477,541

LONG TERM DEBT:

Note Payable - Coon Rapids Municipal Electric Utility	\$ 172,222
Note Payable - USDA	676,697
Note Payable - Bank	151,544
Note Payable - Bank	36,324
LESS - Current Maturities	<u>52,300</u>

TOTAL LONG TERM DEBT

984,487

TOTAL LIABILITIES

\$1,462,028

NET ASSETS:

Invested in Capital Assets, Net of Related Debt	\$1,226,248
Invested in Capital Assets - Assisted Living Project - Net of Related Debt	691,489
Restricted For:	
Assisted Living Project	330,746
Unrestricted	<u>308,961</u>

TOTAL NET ASSETS

2,557,444

TOTAL LIABILITIES AND NET ASSETS

\$4,019,472

See accompanying notes to financial statements

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUES:

Daily Service Revenue	\$3,245,057
Other Revenue	<u>87,110</u>

TOTAL OPERATING REVENUES

\$3,332,167

OPERATING EXPENSES:

Daily Service Expense	\$1,379,497
Activities Expense	66,557
Social Services Expense	33,955
Dietary Expense	384,564
Laundry and Linen Expense	73,740
Housekeeping Expense	124,452
Plant Operations and Maintenance	155,973
Administrative Expense	578,780
Other Services Expense	135,801
Medical Clinic Expense (Therapy Portion)	21,338
Parkview Assisted Living	<u>332,988</u>

TOTAL OPERATING EXPENSES

3,287,645

OPERATING INCOME

\$ 44,522

NON-OPERATING REVENUES (EXPENSES):

Interest Income	\$ 292
Rent Income - Medical Clinic	25,770
Rent Expenses - Medical Clinic (Clinic Portion)	(959)
Rent Expenses - Medical Clinic - Depreciation (Clinic Portion)	(8,526)
Interest Expense	(7,086)
(Loss) on Sale of Equipment	<u>(569)</u>

NET NON-OPERATING REVENUES

8,922

CHANGE IN NET ASSETS BEFORE
CAPITAL CONTRIBUTIONS

\$ 53,444

CAPITAL CONTRIBUTIONS

11,481

CHANGE IN NET ASSETS

\$ 64,925

NET ASSETS - BEGINNING OF YEAR

2,492,519

NET ASSETS - END OF YEAR

\$2,557,444

See accompanying notes to financial statements

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Daily Service Revenue	\$3,245,057
Cash Received from Other Revenue	87,110
Cash Paid to Suppliers for Goods and Services	(1,138,911)
Cash Paid to Employees for Services	<u>(1,979,797)</u>

NET CASH PROVIDED BY OPERATING
ACTIVITIES

\$ 213,459

CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES:

Purchases of Capital Assets	\$ (35,363)
Contributions for Capital Purchases	11,481
Proceeds From Rental of Medical Clinic - Net of Expenses	24,811
Principal Repayments	(51,456)
Interest Paid on Loans	<u>(7,019)</u>

NET CASH (USED) FOR CAPITAL
AND RELATED FINANCING ACTIVITIES

(57,546)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Received	<u>\$ 292</u>
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NET CASH PROVIDED BY INVESTING
ACTIVITIES

292

NET INCREASE IN CASH AND CASH
EQUIVALENTS

\$ 156,205

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

497,619

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 653,824

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

RECONCILIATION OF OPERATING
(LOSS) TO NET CASH PROVIDED BY
OPERATING ACTIVITIES:

Operating Income \$ 44,522

Adjustments to Reconcile Operating
Income to Net Cash Provided by Operating
Activities:

Depreciation	151,218
Loss on Sale of Equipment	569
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(6,656)
(Increase) in Prepaid Insurance	(6,913)
Decrease in Patient Trust Account	180
(Increase) in Inventory	(1,927)
(Increase) in Prepaid Expenses	(343)
(Decrease) in Accounts Payable	(4,401)
(Decrease) in Patient Trust Account	(179)
(Decrease) in Payroll Taxes Payable	(1,779)
Increase in Accrued Wages Payable	24,918
Increase in Revenue Received in Advance	6,494
Increase in Accrued Interest Payable	67
Increase in Security Deposits	345
Increase in Accrued Employment Deductions	<u>7,344</u>

NET CASH PROVIDED BY OPERATING
ACTIVITIES

\$ 213,459

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

RECONCILIATION OF CASH AND CASH
EQUIVALENTS AT YEAR END TO SPECIFIC
ASSETS INCLUDED ON THE STATEMENT OF
NET ASSETS:

CURRENT ASSETS:

Cash in Bank - Operating	\$ 270,845
Cash on Hand	71
Cash in Bank - Savings Activities	2,440
Cash in Bank - Courtyard Fund	8,098
Cash in Bank - Employee Recognition	233
Cash in Bank - Cafeteria Plan	5,160
Cash in Bank - Savings	36,231

RESTRICTED ASSETS:

Cash in Bank - Savings Assisted Living	<u>330,746</u>
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CASH AND CASH EQUIVALENTS AT
YEAR END

\$ 653,824

See accompanying notes to financial statements

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Thomas Rest Haven are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

REPORTING ENTITY - Thomas Rest Haven is considered a component unit of the City of Coon Rapids, Iowa because of the significance of its operational or financial relationship with the City. Thomas Rest Haven is governed by a three-member board and its operating budget is subject to the approval of the City Council. Thomas Rest Haven provides assisted living and long-term care to the elderly. The original buildings and equipment were purchased by the Thomas Foundation and donated to the City of Coon Rapids.

FUND ACCOUNTING - The accounts of Thomas Rest Haven are organized as a proprietary fund of the City of Coon Rapids, Iowa. The operations of the fund are accounted for by a separate set of self-balancing accounts, which comprise its assets, liabilities, fund equity, revenues and expenses.

BASIS OF ACCOUNTING - The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The proprietary fund of Thomas Rest Haven applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of Thomas Rest Haven are charges to customers for services. Operating expenses for Thomas Rest Haven include the cost of services, administrative expenses and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

CASH EQUIVALENTS - The Organization considers cash on hand and demand deposits in banks as cash and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents for the purpose of the Statement of Cash Flows.

ACCOUNTS RECEIVABLE - Accounts receivable consists of receivables for services provided to residents qualifying for financial assistance, payable by the Department of Human Services of the State of Iowa, the Medicare payment system and private pay patients, and are deemed collectible.

The breakdown of accounts receivable at June 30, 2012 is as follows:

Private Pay	\$127,697
Medicaid	109,993
Medicare - Part A	47,593
Medicare - Part B	12,204
Co-Insurance - Part A	13,564
Co-Insurance - Part B	3,434
Outpatient - Other	8,072
Assisted Living	25,894
Other	<u>1,749</u>
TOTAL	<u>\$350,200</u>

CAPITAL ASSETS - Capital assets include property, equipment and vehicles. Buildings and the major portion of the original equipment have been donated to the nursing home. The contributor's cost for these assets was used to record the value of these assets. Property and equipment acquired directly by the nursing home is stated at cost.

Expenditures for additions, betterments and related interest expenses are capitalized, while expenditures for maintenance and repairs are charged to income as incurred. The cost of assets retired or sold and the related accumulated depreciation are eliminated from the accounts in the year of disposal, with the resulting gain or loss credited or charged to operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

INVENTORY - Inventory consists of supplies and food and is valued at cost. Inventories are recorded as expenses when consumed rather than when purchased.

RESTRICTED ASSETS - Funds set aside for the assisted living building project and related expenses are classified as restricted assets since their use is restricted for the assisted living facility.

They also include customer security deposits restricted for application to unpaid customer accounts or for refunds to customers.

REVENUE RECEIVED IN ADVANCE - Revenue received in advance consists of monthly billings for services and patient care that are billed in the month prior to services being provided.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

DATE OF MANAGEMENT'S REVIEW - Management has evaluated subsequent events through January 21, 2013, the date which the financial statements were issued.

NOTE 2 - PENSION AND RETIREMENT BENEFITS:

Thomas Rest Haven contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9177, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.38% of their annual covered salary and Thomas Rest Haven is required to contribute 8.07% of the covered salary. Contribution requirements are established by state statute. Thomas Rest Haven's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$134,207, \$104,057, and \$102,277, respectively, equal to the required contribution for the year.

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 - COMPENSATED ABSENCES:

The nursing home's employees accumulate sick leave, vacation, and personal hours for subsequent use or for payment upon termination, retirement or death. Accumulated vacation hours are not paid to terminated, retired, or deceased employees until at least one year of employment has been completed. The nursing home requires that 480 hours of sick leave must have been accumulated before the exceeding hours will be paid annually at Christmas or paid to terminated, retired, or deceased employees. Effective January 1, 2012 the sick leave accrual is capped at 480 hours and there will no longer be excessive sick leave payout. An employee who is terminated, retired or dies is paid for the total accumulated hours, reduced by 480 hours of sick leave, times the current hourly rate for that employee. Employees earn one personal day (8 hours) after every 520 hours worked. The maximum days an employee may earn per year is four. Based on these policies the accrued sick leave, personal leave and vacation payable totals \$103,099 for the fiscal year ended June 30, 2012. This liability has been computed based on rates of pay as of June 30, 2012.

NOTE 4 - ECONOMIC DEPENDENCY:

The Organization depends on purchase of service fees from the State of Iowa for approximately 44% of its daily service revenue. The revenue earned from the State for the year ended June 30, 2012 was \$1,475,354.

NOTE 5 - CASH AND POOLED INVESTMENTS:

Thomas Rest Haven's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5 - CASH AND POOLED INVESTMENTS - CONTINUED:

The Organization is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Organization had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

NOTE 6 - RELATED PARTY TRANSACTIONS:

The Organization had business transactions between Thomas Rest Haven and its officials totaling \$1,861 during the year ended June 30, 2012.

NOTE 7 - RISK MANAGEMENT:

Thomas Rest Haven is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Organization assumes liability for any deductibles and claims in excess of coverage limitations.

NOTE 8 - MEDICAL CLINIC LEASE:

The Organization leases the medical clinic space to St. Anthony Regional Hospital under a 5 year noncancelable operating lease expiring December 31, 2016. The rent income for the fiscal year ended June 30, 2012 was \$25,770. The future minimum rental income is as follows:

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8 - MEDICAL CLINIC LEASE - CONTINUED:

YEAR ENDING JUNE 30,	AMOUNT
2013	\$ 26,760
2014	26,760
2015	26,760
2016	26,760
2017	<u>13,380</u>
	<u>\$120,420</u>

NOTE 9 - OPERATING LEASE:

The Organization leases equipment under a 1 year automatically renewing operating lease ending January 27, 2013. Rent expense for the fiscal year ended June 30, 2012 was \$6,600. The future minimum rental payments are as follows:

YEAR ENDING JUNE 30,	AMOUNT
2013	<u>\$ 3,850</u>

NOTE 10- LONG TERM DEBT:

The Organization has a note payable dated September 28, 2007 for \$300,000. The agreement calls for monthly payments of \$2,778. The interest rate is 0%. The balance at June 30, 2012 is \$172,222. The loan matures on September 1, 2018. The loan is secured by net revenues of the assisted living facility.

The Organization has a note payable dated April 1, 2009 for \$700,000. The agreement calls for monthly payments of \$2,982. The interest rate is 4.125% and the maturity date is February 26, 2049. The balance at June 30, 2012 is \$676,697. The loan is secured by net revenues of the assisted living facility.

The Organization has a note payable dated April 1, 2009 for \$170,000. The agreement calls for monthly payments of \$1,089. The interest rate is 4.58% and the maturity date is December 26, 2028. The balance at June 30, 2012 is \$151,544. The loan is secured by the future net revenues of the facility. The loan is further secured by a Loan Note Guarantee from the USDA - Rural Development.

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10- NOTE PAYABLE - CONTINUED:

The Organization has a note payable dated April 1, 2009 for \$50,000. The agreement calls for monthly payments of \$532. The interest is 5.0% and the maturity date is February 26, 2019. The balance at June 30, 2012 is \$36,324. The loan is secured by the revenues of the facility.

Current maturities of long term debt are as follows:

YEAR END <u>JUNE 30,</u>	<u>AMOUNT</u>
2013	\$ 52,300
2014	53,170
2015	54,080
2016	55,032
2017	56,028
Thereafter	766,177
TOTAL	<u>\$1,036,787</u>

NOTE 11- CAPITAL ASSETS:

A summary of capital assets at June 30, 2012 is as follows:

	<u>BALANCE BEGINNING OF YEAR</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE END OF YEAR</u>
Capital Assets Not Being Depreciated:				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Capital Assets Being Depreciated:				
Buildings	\$4,689,042	\$ 5,034	\$ 0	\$4,694,076
Equipment and Vehicles	528,161	30,329	34,200	524,290
Total Capital Assets Being Depreciated	<u>\$5,217,203</u>	<u>\$ 35,363</u>	<u>\$ 34,200</u>	<u>\$5,218,366</u>
Less Accumulated Depreciation For:				
Buildings	\$1,642,585	\$ 134,251	\$ 0	\$1,776,836
Equipment and Vehicles	495,148	25,493	33,631	487,010
Total Accumulated Depreciation	<u>\$2,137,733</u>	<u>\$ 159,744</u>	<u>\$ 33,631</u>	<u>\$2,263,846</u>
Total Capital Assets Being Depreciated, Net	<u>\$3,079,470</u>	<u>\$ (124,381)</u>	<u>\$ (569)</u>	<u>\$2,954,520</u>
Total Capital Assets, Net	<u>\$3,079,470</u>	<u>\$ (124,381)</u>	<u>\$ (569)</u>	<u>\$2,954,520</u>

Depreciation expense was \$159,744 for the year ending June 30, 2012.

SUPPLEMENTARY INFORMATION

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

DAILY SERVICE REVENUE:

Income - Private	\$1,060,751
Income - Medicaid	1,477,178
Income - Outpatient	29,786
Income - Medicare Part A	312,588
Income - Medicare Part B	68,873
Income - Assisted Living	<u>295,881</u>

\$3,245,057

OTHER REVENUE:

Food Service and Congregate Meals	\$ 65,030
Miscellaneous Income	10,015
Medicare Reimbursement	<u>12,065</u>

\$ 87,110

DAILY SERVICE EXPENSE:

Salaries - RN and LPN	\$ 335,393
Salaries - Nursing Director	61,713
Salaries - MDS Coordinator	31,387
Salaries - QI Coordinator	8,629
Salaries - Aides	436,625
Salaries - CMT	71
Salaries - Environmental Aide	27,250
Salaries - Restorative Aides	53,203
Salaries - Admissions Coordinator	19,792
Salaries - Vacation/Holiday/Sick/Bonus	103,607
Payroll Taxes	78,552
Pension	81,131
Pharmacy Consultant	2,400
Agency RN and LPN	1,150
Supplies - Non-Medical	1,440
Supplies - General Nursing	39,567
Supplies - W/C, Lifts, Beds	6,414
Supplies - Incontinent	20,409
Supplies - Medicare Part A	1,203
Equipment Repair	1,208
Dues and Subscriptions	12
Travel and Mileage	4,401
Education and Training	5,549
Consultant Services	13,008
Contract - WOCN	1,697
Medical Director	6,400
Lab Fees	1,510
Medical Transportation	8,168
Drugs - Medicaid	970
Drugs - Medicare Part A	24,739
Other	<u>1,899</u>

\$1,379,497

See accompanying independent auditors' report

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

ACTIVITIES EXPENSES:

Salaries	\$ 42,176
Payroll Taxes	3,132
Pension	3,235
Supplies	7,980
Entertainment	2,777
Massage Therapy	3,060
Dues and Subscriptions	306
Education	690
Travel and Mileage	294
Transportation	1,153
Veterinary Expense	586
Aviary Maintenance	1,168

\$ 66,557

SOCIAL SERVICES EXPENSE:

Salaries	\$ 28,420
Payroll Taxes	2,110
Pension	2,180
Supplies	680
Education	465
Travel and Mileage	100

\$ 33,955

DIETARY EXPENSE:

Salaries	\$ 179,805
Payroll Taxes	13,351
Pension	13,790
Raw Food	137,225
Dietitian	10,764
Food Supplements	6,606
Supplies (Non-Food)	6,711
Dishes and Utensils	1,847
Uniform	578
Equipment Rental	660
Small Equipment Purchases	2,258
Equipment Repairs and Maintenance	2,416
Education	1,039
Dues and Subscription	53
Travel and Mileage	695
Pop Machine	6,766

\$ 384,564

See accompanying independent auditors' report

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

LAUNDRY AND LINEN EXPENSE:

Salaries	\$ 48,842	
Payroll Taxes	3,627	
Pension	3,746	
Supplies	9,289	
Linen	4,443	
Small Equipment Purchases	665	
Equipment Repairs and Maintenance	2,150	
Purchased Services - Culligan	920	
Education	58	
		<u>\$ 73,740</u>

HOUSEKEEPING EXPENSE:

Salaries	\$ 78,753	
Payroll Taxes	5,848	
Pension	6,040	
Supplies and Chemicals	10,186	
Paper/Plastic	7,488	
Purchased Services	3,724	
Education	522	
Small Equipment Purchases	2,975	
Furnishings	8,718	
Equipment Repair	49	
Travel and Mileage	149	
		<u>\$ 124,452</u>

PLANT OPERATIONS AND MAINTENANCE:

Salaries	\$ 39,651	
Payroll Taxes	2,944	
Pension	3,041	
Telephone	14,300	
Utilities	65,808	
Repairs and Maintenance	18,403	
Supplies	6,775	
Purchased Services	3,982	
Education	615	
Travel and Mileage	454	
		<u>\$ 155,973</u>

See accompanying independent auditors' report

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

ADMINISTRATIVE EXPENSE:

Salaries	\$ 154,266
Payroll Taxes	11,455
Pension	11,831
Workers Compensation	50,472
Group Insurance	132,876
Physicals and Drug Testing	7,202
Uniform	2,939
Legal Fees	2,841
Accounting Fees	5,295
Architect Fees	5,959
Professional Fees-Consulting	1,806
Advertising	10,716
Official Publications	1,526
Employee Relations	2,949
Employee Recruitment	723
Software and Computer Maintenance	21,991
Property and General Liability	
Insurance	34,589
Bad Debt Expense	5,398
Depreciation - Buildings	61,078
Depreciation - Equipment	16,737
Depreciation - Improvements	2,319
Office Supplies	7,372
Small Equipment Purchases	3,543
Bank Charges	28
Copier Lease and Expense	1,746
Life Insurance	3,360
Dues and Subscriptions	4,860
Travel and Mileage	2,910
Education	2,167
Purchased Services	3,526
Postage	3,422
Licenses	353
Criminal Record Checks	525

\$ 578,780

See accompanying independent auditors' report

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

OTHER SERVICES:

Physical Therapy Supplies	\$	861	
Physical Therapy Contracted Services -			
Medicare A		51,433	
Medicare B		27,582	
Outpatient		36,679	
Occupational Therapy Contracted Services -			
Medicare A		13,783	
Medicare B		1,798	
Outpatient		90	
Speech Therapy Contracted Services -			
Medicare A		1,472	
Medicare B		2,040	
Outpatient		63	
			<u>\$ 135,801</u>

MEDICAL CLINIC EXPENSES (THERAPY PORTION):

Utilities	\$	2,539	
Repairs and Maintenance		333	
Property Insurance		959	
Depreciation		8,526	
Small Equipment Purchase		1,667	
Equipment Rental		7,314	
			<u>\$ 21,338</u>

PARKVIEW ASSISTED LIVING:

Salaries	\$	118,050	
Payroll Tax		7,213	
Group Insurance		16,356	
IPERS		9,213	
Uniform Expense		424	
Consulting Fees		2,986	
Advertising		3,537	
Computer Purchases		1,622	
Property and General Liability Insurance		4,732	
Depreciation - Building		39,570	
Depreciation - Equipment		22,988	

See accompanying independent auditors' report

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF
COON RAPIDS, IOWA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

PARKVIEW ASSISTED LIVING - Continued:

Office Supplies	2,213
Supplies	2,141
Furnishings - Furniture and Draperies	9,502
Small Equipment Purchase	208
Repairs and Maintenance	2,415
Utilities	17,245
Travel and Mileage	1,084
Purchased Services	38,018
Education	1,520
License and Certification Fees	31,489
Miscellaneous	<u>462</u>

\$ 332,988

See accompanying independent auditors' report

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Thomas Rest Haven

We have audited the accompanying financial statements of Thomas Rest Haven, a component unit of the City of Coon Rapids, Iowa as of and for the year ended June 30, 2012, and have issued our report thereon dated January 21, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Thomas Rest Haven is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Thomas Rest Haven's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Thomas Rest Haven's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Thomas Rest Haven's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Thomas Rest Haven's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in the accompanying Schedule of Findings as item (A) to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Thomas Rest Haven's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about Thomas Rest Haven's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of Thomas Rest Haven. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Thomas Rest Haven's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on Thomas Rest Haven's responses, we did not audit Thomas Rest Haven's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and management of Thomas Rest Haven and other parties to whom Thomas Rest Haven may report, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Thomas Rest Haven during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURKHARDT & DAWSON, CPA'S



Certified Public Accountants

January 21, 2013

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF COON RAPIDS, IOWA
SCHEDULE OF FINDINGS
JUNE 30, 2012

FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

INTERNAL CONTROL DEFICIENCIES:

- (A) SEGREGATION OF DUTIES - An important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling incompatible duties. We noted the bank reconciliation and posting of the cash receipts to the cash receipts journal and accounts receivable are all done by the same person. Also the direct payroll file is prepared and reconciled by the same person.

Recommendation - We realize with a limited number of office employees, segregation of duties is difficult. However, the Organization should review the operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to attempt, as we have in the past, to segregate the duties of the few employees we have that are responsible for handling cash, checks, and deposits and subsequently recording those items as receivables. We will continue to have one person open the mail, another log all cash and checks as those items are received. Two employees will ensure that the deposit matches the incoming check and cash log as deposits are made and accounts credited. In addition the administrator will now check each payroll to ascertain that the payroll direct deposit file and the actual bank withdrawal match as an additional safeguard.

Conclusion - Response accepted.

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF COON RAPIDS, IOWA
SCHEDULE OF FINDINGS
JUNE 30, 2012

OTHER FINDINGS RELATED TO STATUTORY REPORTING:

- 1) CERTIFIED BUDGET - Thomas Rest Haven is a component of the City of Coon Rapids, Iowa and its budget. Therefore, we did not determine whether the City, as a whole, was within budgeted amounts.
- 2) QUESTIONABLE EXPENSES - No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 3) TRAVEL EXPENSE - No expenditures of money for travel expenses of spouses of the Organization's officials or employees were noted.
- 4) BUSINESS TRANSACTIONS - Business transactions between Thomas Rest Haven and Organization Trustees or employees are detailed as follows:

<u>NAME, TITLE AND BUSINESS CONNECTION</u>	<u>TRANSACTION DESCRIPTION</u>	<u>AMOUNT</u>
Venteicher Electric, Inc. Owned by Administrator's Spouse	Electrical	\$ 1,861
		<u>\$ 1,861</u>

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, transactions do not appear to represent conflicts of interest if the total transactions with an individual are less than \$1,500 during the fiscal year.

Recommendation - The transactions with the Administrator's spouse may represent a conflict of interest. We recommend Thomas Rest Haven consult legal counsel regarding this matter.

Response - We will consult our attorney.

Conclusion - Response accepted.

- 5) BOARD MINUTES - No transactions were found that we believe should have been approved in the Organization minutes, but were not. The Organization's transactions are not subject to approval by the City Council.

Minute proceedings and salaries of the Organization were published as required by Chapter 372.13(6) of the Code of Iowa, except as noted below.

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF COON RAPIDS, IOWA
SCHEDULE OF FINDINGS
JUNE 30, 2012

FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED:

5) BOARD MINUTES - CONTINUED:

Comment - Based on audit testing of publications of minutes, one meeting's minutes were not published timely as required by the Code of Iowa.

Recommendation - All minutes must be published timely as required by the Code of Iowa.

Response - A flow sheet for the publication of all minutes, claims and cash disbursements has been created to ensure that no publications are inadvertently missed. This flow sheet will be utilized by the administrator or his or her designee to check each month to see that these items are published in a timely manner.

Conclusion - Response accepted.

Comment - One month's list of cash disbursements was not published as required by the Code of Iowa.

Recommendation - All minutes published must include a list of cash disbursements and a summary of receipts for that period. Thomas Rest Haven should consider developing a spreadsheet to monitor the dates each month the claims are published.

Response - A flow sheet for the publication of all minutes, claims and cash disbursements has been created to ensure that no publications are inadvertently missed. This flow sheet will be utilized by the administrator or his or her designee to check each month to see that these items are published in a timely manner.

Conclusion - Response accepted.

Comment - One month of minutes were not signed.

Recommendation - All minutes must be signed by the proper individual.

Response - All minutes will be signed by the chairperson and secretary of the Board of Trustees at the time of their official approval at regular board meetings.

Conclusion - Response accepted.

THOMAS REST HAVEN
A COMPONENT UNIT OF THE CITY OF COON RAPIDS, IOWA
SCHEDULE OF FINDINGS
JUNE 30, 2012

FINDINGS RELATED TO THE FINANCIAL STATEMENTS - CONTINUED:

5) BOARD MINUTES - CONTINUED:

Comment - Automatic withdrawals from the bank account are not included in the publication of cash disbursements.

Recommendation - All automatic withdrawals should be included in the publication listing of cash disbursements and the listing of claims presented to the Board.

Response - The October 2012 publication of claims included all automatic withdrawals from the facility general fund in the monthly list of cash disbursements and this listing of claims presented to the Board as required for approval. We will continue to include these automatic payments and withdrawals each month with a listing of the cash disbursements and claims.

Conclusion - Response accepted.

6) DEPOSITS AND INVESTMENTS - No instances of non-compliance compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.